

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2000-808

February 27, 2001

MAINE PUBLIC UTILITIES COMMISSION  
Standard Offer Bidding Process

ORDER ESTABLISHING  
STANDARD OFFER PRICES  
FOR THE LARGE NON-  
RESIDENTIAL CLASS IN  
BANGOR HYDRO-ELECTRIC  
COMPANY'S SERVICE  
TERRITORY

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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## I. SUMMARY

In this Order, we establish the standard offer service prices for the large non-residential customer class within the service territory of Bangor Hydro-Electric Company (BHE). Effective March 1, 2001, the standard offer prices will be:

	<u>Price</u>
On-Peak	9.292¢/kWh
Shoulder	7.565¢/kWh
Off-Peak	6.964¢/kWh
Average	7.744¢/kWh

The current average standard offer price for the large non-residential customer class is approximately 6.0¢/kWh. When comparing the current standard offer plus T&D price with the standard offer price effective March 1, 2001 plus the T&D rates, large non-residential standard offer customers will experience an average 15.9% electricity price increase.

## II. BACKGROUND

On February 20, 2001, we issued an Order that directed BHE to enter into a wholesale power supply contract that would provide the power supply necessary for BHE to serve as the standard offer provider for the large non-residential standard offer customer class within its service territory. The wholesale power supply contract includes energy, ICAP and the ancillary electric products, other than energy uplift, necessary to serve the large standard offer customer class. The contract also provides for a 65 MW cap. (The cap was increased from 60 MW to 65 MW by BHE at the direction of the Commission.) Other than the 65 MW cap and energy uplift, the wholesale power supply contract is an all-requirements contract to serve the large standard offer customer class.

By letter on February 23, 2001, BHE indicated that the Company had entered into the power supply contract as directed to by our February 20 Order. BHE also submitted its estimates for contract costs, energy uplift costs, line losses, its own administrative costs and suggested methods by which those costs could be designed into standard offer prices for the large non-residential class.

### III. DECISION

We adhere to our principle that standard offer prices should reflect the underlying costs of providing that service to customers. In order to set a standard offer energy charge based upon the actual supply costs, we must estimate the actual standard offer usage by time-of-use. Moreover, in designing standard offer prices for BHE customers, we must also account for the fact that the prices in the underlying supply contract correspond to time periods that are different than the time periods BHE will use to bill customers for standard offer service.

Based on estimates of the standard offer usage by the large non-residential customer class and the underlying costs incurred by BHE to supply standard offer service to the large class, we set the following standard offer prices:

	<u>Price</u>
On-Peak	9.292¢/kWh
Shoulder	7.565¢/kWh
Off-Peak	6.964¢/kWh
Average	7.744¢/kWh

To the extent that BHE's cost of providing standard offer service to the large customer class exceeds the revenue BHE receives, these standard offer prices may be increased. However, because of the all-requirements nature of the underlying supply contract, we do not expect any differences between costs and revenue to be substantial. In any event, we will not lower the rate throughout the 12-month period to avoid undercutting competitive providers who are marketing against the standard offer.

Accordingly, we

## O R D E R

That the standard offer service prices for the large non-residential customer class in Bangor Hydro-Electric Company's service territory, effective March 1, 2001 will be:

	<u>Price</u>
On-Peak	9.292¢/kWh
Shoulder	7.565¢kWh
Off-Peak	6.964¢kWh
Average	7.744¢kWh

Dated at Augusta, Maine, this 27th day of February, 2001.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Nugent
Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.